

Agency Proposed Budget

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	5.04	0.00	0.00	5.04	0.00	0.00	5.04	5.04
Personal Services	410,889	11,104	0	421,993	12,608	0	423,497	845,490
Operating Expenses	886,194	69,329	0	955,523	81,014	0	967,208	1,922,731
Total Costs	\$1,297,083	\$80,433	\$0	\$1,377,516	\$93,622	\$0	\$1,390,705	\$2,768,221
State/Other Special	1,297,083	80,433	0	1,377,516	93,622	0	1,390,705	2,768,221
Total Funds	\$1,297,083	\$80,433	\$0	\$1,377,516	\$93,622	\$0	\$1,390,705	\$2,768,221

Agency Description

Article XIII, Section 2 of the 1972 Montana Constitution, created the Consumer Counsel. Title 5, Chapter 15, and Title 69, Chapter 1 and 2, MCA, govern it. The Consumer Counsel represents consumer interests in hearings before the Public Service Commission and like agencies. The Counsel may initiate, intervene in, and participate in appropriate proceedings in the court systems or administrative agencies on behalf of the public of Montana.

Agency Highlights

Consumer Counsel Major Budget Highlights	
<ul style="list-style-type: none"> Funding increases of 3.2 percent over the last biennium are primarily because of requested funds to: <ul style="list-style-type: none"> Continue the restricted contingency fund at \$250,000 per year Increase professional services Implement minor equipment upgrades 	

Agency Discussion

Staff and consultants account for 93 percent of the total budget. Consumer Counsel staff review every rate filing made by Montana utilities. In deciding which issues to pursue, the counsel examines cost estimates, potential savings in the case, precedential effects, and future impacts. If an issue merits contracted expertise, consultants are hired on a case-by-case basis to bring expertise and assistance in the study and monitoring of regulatory issues. They are hired at fees largely determined by the market. There is \$1.7 million requested for consultants and professional services in the 2007 biennium, which represents a 12 percent increase over the actual amount appropriated in the 2005 biennium, and a 51 percent increase over the actual amount spent in the 2003 biennium. There is additional discussion in DP 1 in the Present Law Adjustments section.

Funding

The Consumer Counsel is funded by a constitutionally earmarked tax levied on all regulated entities under the jurisdiction of the Public Service Commission (69-1-224, MCA). The Department of Revenue generates an amount, which must equal the current appropriation to the Office of the Consumer Counsel. The department computes the percentage based upon the company's total gross operating revenue for the previous fiscal year. The tax rate can be revised, with 30 days notice to regulated companies, to adjust for previous fiscal year carryover to avoid accumulation of a significant cash balance (69-1-224(1)(a), MCA) and to adjust for fluctuations in the actual gross operating revenue (69-1-224(2)(a), MCA).

Program Funding Table						
Administration Program						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02801 Dep Rev Consumer Cncl Tax	\$ 1,297,083	100.0%	\$ 1,377,516	100.0%	\$ 1,390,705	100.0%
Grand Total	\$ 1,297,083	100.0%	\$ 1,377,516	100.0%	\$ 1,390,705	100.0%

Biennium Budget Comparison

The following table compares the executive budget request in the 2007 biennium with the 2005 biennium by type of expenditure and source of funding. The 2005 biennium consists of actual FY 2004 expenditures and FY 2005 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	Present Law Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Biennium Fiscal 04-05	Total Exec. Budget Fiscal 06-07
FTE	5.04	0.00	5.04	5.04	0.00	5.04	5.04	5.04
Personal Services	421,993	0	421,993	423,497	0	423,497	820,417	845,490
Operating Expenses	955,523	0	955,523	967,208	0	967,208	1,825,399	1,922,731
Total Costs	\$1,377,516	\$0	\$1,377,516	\$1,390,705	\$0	\$1,390,705	\$2,645,816	\$2,768,221
State/Other Special	1,377,516	0	1,377,516	1,390,705	0	1,390,705	2,645,816	2,768,221
Total Funds	\$1,377,516	\$0	\$1,377,516	\$1,390,705	\$0	\$1,390,705	\$2,645,816	\$2,768,221

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----					-----Fiscal 2007-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				11,104						12,608
Inflation/Deflation				(399)						(397)
Fixed Costs				4,406						4,413
Total Statewide Present Law Adjustments				\$15,111						\$16,624
DP 1 - Present Law Base Adjustments										
0.00	0	65,322	0	65,322	0.00	0	76,998	0		76,998
Total Other Present Law Adjustments										
0.00	\$0	\$65,322	\$0	\$65,322	0.00	\$0	\$76,998	\$0		\$76,998
Grand Total All Present Law Adjustments				\$80,433						\$93,622

DP 1 - Present Law Base Adjustments -

This present law budget increase includes \$30,646 per year to restore the contingency appropriation to the 2005 biennium level of \$250,000 per year. The request also includes \$34,676 in FY 2006 and \$46,352 in FY 2007 for increases in professional services and miscellaneous expenses.

**LFD
COMMENT**

The consultants and professional services estimate for the 2007 biennium, including a \$500,000 contingency, totals \$1.7 million.

The request is based upon the 51 open dockets that the Consumer Counsel carried into FY 2005, many of which will continue for one or more years. In addition to the continuing dockets, issues that could impact the counsel's workload and expenditures throughout the 2007 biennium include, but are not limited to: the counsel's involvement in efforts to establish a regional transmission grid (now called GridWest); the NorthWestern Energy bankruptcy; the telecommunications dockets that come from the Federal Telecommunications Act in areas such as provider designation, service funding, and access charge structure; and utility resource planning and related issues resulting from Senate Bill 247 (see below).

The requested contingency (69-1-223, MCA) is for contract services, unanticipated caseload increases, and legal costs due to uncertainties related to supply and market conditions in the utilities industries. Should the counsel not use the total appropriation, unused funds are applied to the calculated fees for the subsequent fiscal year.

Prior to the 2003 biennium, the contingency was \$100,000 per year. The 2001 legislative session approved an additional contingency of \$100,000 per year in anticipation of additional Consumer Counsel workload and legal costs related to energy cost issues, utility supply and market conditions in the utilities industries, increasing the biennial total to \$400,000.

The 2003 Legislature raised the contingency amount to \$250,000 per year in response to SB 247, which established a default electricity supply procurement process and changed the regulatory role in resource planning to an "upfront" process. This change requires the counsel to monitor and evaluate the work of the utilities as they perform it, including modeling and forecasting for utility generation and use.

Contingency Growth	
Prior Biennia	\$200,000
2003	400,000
2005	500,000
2007	500,000

The counsel states that the FY 2007 request of \$500,000 would be used to respond to continuing and new dockets related to SB 247, other regulated utility issues, and the workload described in this section.